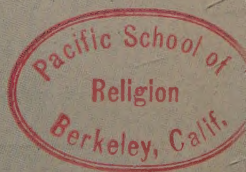


# SOCIAL ACTION

## the Textile Primer

by

Harold G. Hatcher



10 Cents

# SOCIAL ACTION

Published twice a month, except July and August, for the COUNCIL FOR SOCIAL ACTION of the Congregational and Christian Churches of America, 287 Fourth Avenue, New York, N. Y., by THE PILGRIM PRESS, 14 Beacon St., Boston, Mass.

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The Pilgrim Press, Boston and Chicago



# The Textile Primer

• by Harold O. Hatcher

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## Introduction

What has a study of the textile industry to do with religion? Is this not a technical study for classrooms in economics?

We think not. The textile industry exercises an influence, for better or for worse, over the lives of people. It includes 250,000 stockholders, 10,000 principal officers and managers, 1,100,000 workers. Add to these the dependent members of families and the total exceeds 3,000,000. The policies of the industry in respect to profits, wages and working conditions profoundly affect the character of those immediately involved. The ability of the industry to supply adequately over 120,000,000 consumers with clothing affects all of us.

A great many members of our Congregational-Christian churches have a vital stake in this industry. To them—and to others outside the industry—we offer this textile “primer,” simple recording of certain essential facts about textiles. It makes no pretense of being complete. It does not claim to present any panacea.

One in a series of research studies written to give the average man some insight into single industries, this illustrated pamphlet by Mr. Hatcher should help all of us to a more intelligent solution of a challenging national problem.

*Hubert C. Herring, Director*

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## Where Is the Textile Industry?

---

The making of cloth in America goes back to before the Revolutionary War when the industry took root in Massachusetts, Rhode Island and Connecticut. Until recent years nearly all of our cloth was manufactured in New England and the Middle Atlantic states. However, during the past forty years, there has been a steady movement of textile mills from the North to the cotton-growing states of the South.

The South now has almost twice as many *cotton* mills as New England. North Carolina leads with 321, South Carolina, Georgia and Alabama follow in order.

New England however, retains the lead in the production of *woolen* and *worsted* goods, with over a third of this branch of the textile industry in Massachusetts and Rhode Island alone.

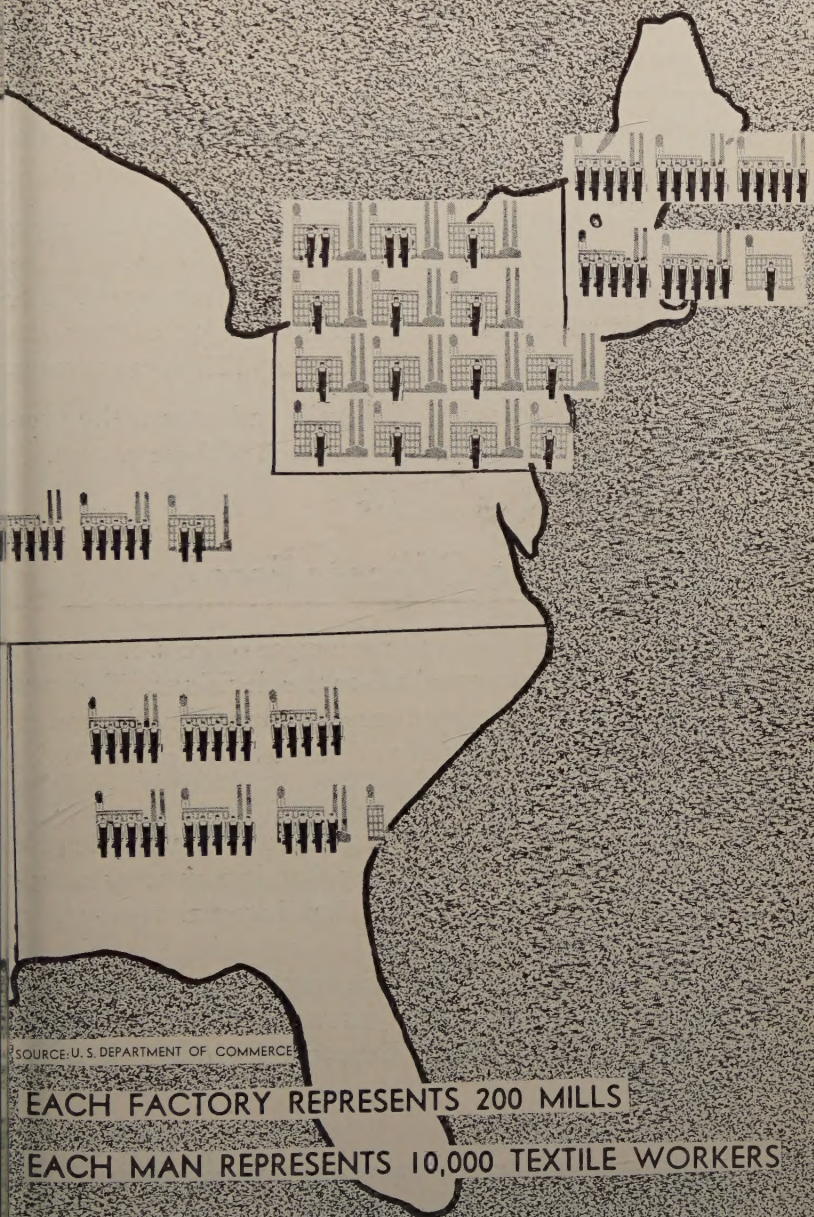
The Middle Atlantic states supply the *silk* and *rayon*. Over 80 percent of these factories are in Pennsylvania, New Jersey and New York.

Not all textile mills are in eastern United States. There are some in every state. Altogether they number nearly 6000, and constitute about 3500 separate companies.

The cotton mills are larger than the woolen, worsted, silk and rayon mills and employ more people than the others. Since cotton mills in the South outnumber those in the North, there are more textile workers in southern states than elsewhere.



# LOCATION OF TEXTILE INDUSTRY, 1933



# What People Are in the Textile Industry?

---

There are four important groups involved in any industry: owners, managers, employes and consumers.

The textile industry is owned by approximately a quarter of a million stockholders. It is operated by about 10,000 principal officers and managers. The labor is supplied by one million wage earners. Its products are used daily by our 120 million consumers.

Let us see how well the textile industry at the present time serves the interests of each of these groups.



## How Do the Officers Fare?

---

We will begin with the principal officers, those who direct the industry and make the decisions. They put their time and intelligence into managing the industry and receive salaries and bonuses in payment for services.

We note at once the fact that average salaries are higher in the textile industry than in any other manufacturing industry. ("National Income, 1929-32," a U. S. Government report). In 1929 these salaries, as reported by the U. S. Census, averaged \$7,250. Officers in 31 of the larger companies received salaries in 1934 averaging \$36,000. If bonuses are included, the average is about \$40,000.



# NUMBER OF PEOPLE CONNECTED WITH THE TEXTILE INDUSTRY

IN 1933

OFFICERS



STOCKHOLDERS



WORKERS

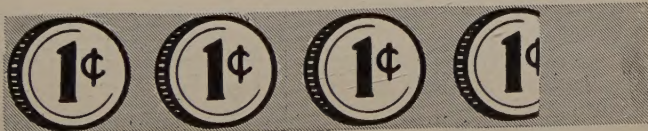


EACH FIGURE REPRESENTS 10,000 PERSONS

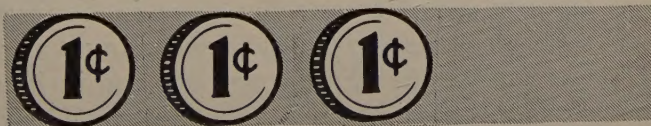
## PART OF EACH DOLLAR OF EXPENSES PAID OUT FOR OFFICERS' SALARIES IN LEADING INDUSTRIES 1931-33



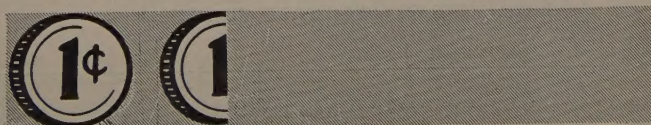
TEXTILE



STEEL



FOOD



SOURCE: U. S. TREASURY DEPARTMENT

## Do the Stockholders Receive as Much as Their Officers?

---

In private business it is customary for the enterprise to be run by the individual owners, and for their benefit. As a business grows into a sizable corporation and the number of owners increases, managers are employed to run the business for them. It is fair to ask whether the business is then still operated for the primary benefit of the stockholders.

In contrast to other major industries, federal income tax reports show that in the textile industry officers receive more from the industry than is allowed for depreciation on plant and equipment, and that their salaries amount to twice as much as total taxes paid by the industry. Officers' salaries amount to more than the dividend payments to the owners even though there are 25 times as many stockholders. When the depression came, with its demand for economy, the stockholders as a group bore heavier losses than did the managers.

In one case, at least, the stockholders have raised a protest against having to bear heavier losses than their employed managers, namely, the American Woolen Company. The president of this company received \$85,000 in salary and \$273,000 in bonuses during 1934 while the company was operating at a \$5,465,581 loss and was delinquent \$22,000,000 in its dividend payments to *preferred* stockholders. Their protest, however, did not move the majority of the 23,000 stockholders to demand a change.



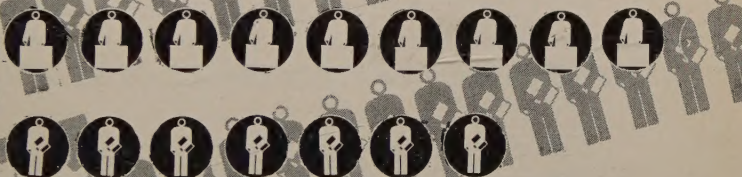
OFFICERS' SALARIES AND

STOCKHOLDERS' DIVIDENDS

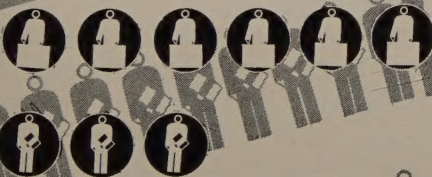
1928



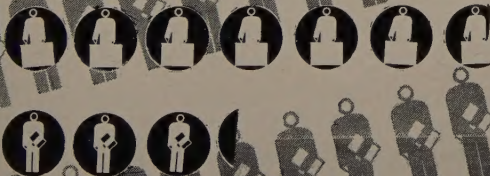
1930



1932



1933



EACH CIRCLE EQUALS \$20,000,000

## What Are the Profits of the Mills?

The stockholders do not receive as much from the industry as their officers, but how much do they receive?

In 1933 there were textile companies which had such large earnings that after payment of income tax, they could have paid all their stockholders 12 percent on their investment and still have \$15,280,000 left to add to their surplus. During the same year however, 5 percent of the mills had losses which ate up a fifth of their stockholders' investments.

Profits also vary from year to year in the same mill. A mill that has a 10 percent profit this year may have a 10 percent loss next year. How can one explain such variations in earnings?

The chief items of cost in making cloth are labor and materials. The labor item is the smaller. It has been found that labor costs stand at 20 to 30 percent of total costs. They do not vary greatly. But the costs of materials—cotton, wool and so forth—do change a great deal from month to month and from year to year. They amount to at least twice as much as labor costs, and constitute about 50 percent of the total cost. Mills have found that if they can cut this larger cost for materials, they can make profits. One way is to speculate on the market price of cotton. Many mills do this. Some say it is the only way a mill can make money today.

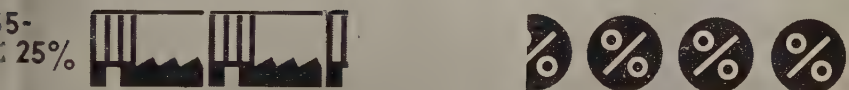
Through speculation a lot of money can be made and lost. This is one of the reasons why some mills have big profits while others have big losses.



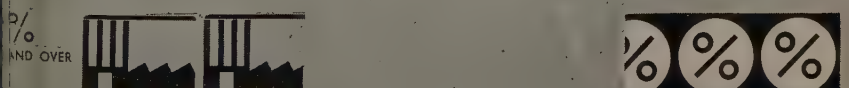
# PROFITS OF TEXTILE COMPANIES

JANUARY - JUNE, 1934

## PROFITS



## LOSSES



EACH FACTORY EQUALS 20 COMPANIES

EACH CIRCLE EQUALS 5%

## How Much Do Profits Differ in North and South?

---

The income which the stockholder gets from his textile company depends not only on the cost of labor and materials but on what kind of cloth is made, the price of the cloth, how modern the plant is and where it is located.

As a rule the southern mills are more modern and more efficient than the older ones in the North. Further, they make standardized products for which there is a steadier demand and a more stable price than for the fine goods produced in the North. Labor costs are still somewhat lower in the South. The result is that mill earnings in the South are about 6 percent higher than in the North.

That is why many mills in New England have been crated up and shipped to the South. It is for this reason that mills stand idle in New England while some mills in the South operate two and three shifts daily.

But even the southern mill is not sure of its profits. Its earnings fluctuate as widely as in the North. During the last half of 1934, stockholders of southern mills suffered a loss of 10 cents per share. Advance reports indicate that in 1935 there was a larger loss.



# EARNINGS IN THE NORTH AND SOUTH

Per \$100 of Textile Capital



EACH COIN EQUALS 50c

SOURCE: FEDERAL TRADE COMMISSION

Pacific School of  
Religion  
Berkeley, Calif.

# What Is Happening to Dividends?

---

In the days of expanding markets dividends were more than adequate—often 15 to 20 percent on the investment each year. "Extras" were declared, both in cash and in stock. Even in the quiet period 1920-26, 400 textile companies issued about \$350,000,000 worth of stock as dividends.

These conditions are no longer the rule. The dividend records of 50 representative textile companies show that during the seven years from 1914-20, 33 of these companies paid over \$50 in dividends on each \$100 worth of common stock. Since 1928, 20 of the 50 companies have paid no dividends on common stock.

It is estimated that probably 250,000 individuals hold stock in the textile industry. Some have only a few dollars worth. Others own a few hundred thousand dollars worth. On the basis of 250,000 stockholders, the average individual interest in the industry amounts to about \$12,000.

It is impossible to know what this present \$12,000 interest in the industry may have cost the holder of it. Nor is it possible to know what it is actually worth. Since 1928 textile stocks have fared much worse on the market than other industrial stocks. Investment advisors are telling clients it would be poor judgment to invest now in textile stocks.

Stockholders in the textile industry are probably not suffering from hunger and want. But most of them are making nothing on their investment. They would suffer losses if they sold their holdings. Their hope of future gain lies in changes in the industry.



4325

25 Shares

# DIVIDENDS PAID BY 50 TEXTILE COMPANIES

1914-20

*This is the owner of*



1921-27

*unpaid*



*for here in person or by*

1928-34

*50*



INCORPORATED UNDER THE LAWS OF

25 Shares

1935-41

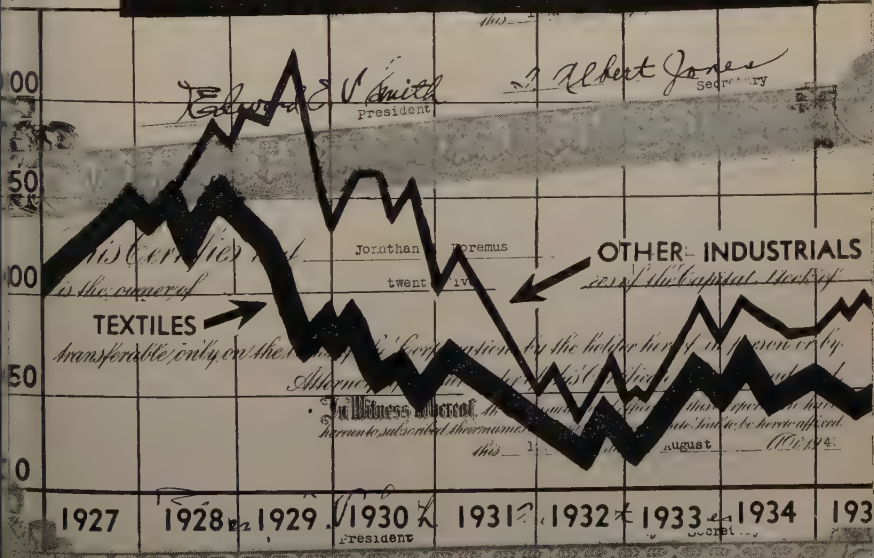
?

EACH CIRCLE EQUALS \$1.00

*This certifies that Jonathan H. Doremus twenty-five Shares of the Capital Stock of*

*transferable, only on the books of the Corporation by the holder here in person or by*

## MARKET VALUE OF TEXTILE SECURITIES



# What Do the Mills Offer Workers?

---

We have seen what officers and owners get from the textile industry. We come now to a much larger group—those who supply the labor.

One of the greatest services industry can render is to provide men with jobs and a livelihood. In 1923 textile mills provided jobs for 1,165,000 people. Since then the population has increased by 15 percent. But there are 85,000 fewer jobs now than there were 12 years ago.

This is not due entirely to the depression. The stream of jobs began to dry up before 1929, at which time mills were closing, or installing new machinery without a comparable shortening of the hours of work. The use of power machinery has made it possible for 25 weavers operating 200 looms to produce as much as 60,000 craftsmen working in their homes. The increase in the use of machinery has meant fewer and fewer jobs.

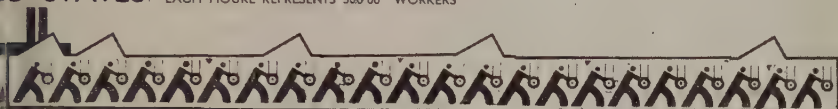
This wiping out of jobs has not occurred throughout the whole industry. It is confined largely to the New England states. Mill employment in Massachusetts is less than one half of what it was in 1923. The decline continues.

Of even greater importance than jobs are payrolls or total wages. They are the purchasing power which turns the wheels of industry. Yet payrolls are shrinking faster than jobs themselves. Today the mills are paying out 20 percent less to the workers in total wages than they paid 12 years ago. Payrolls of cotton mills in Massachusetts have declined 60 percent during this period.

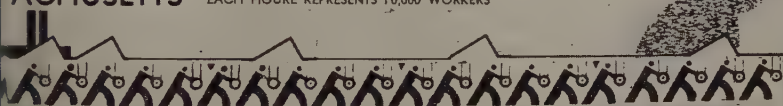


# EMPLOYMENT IN THE TEXTILE INDUSTRY

UNITED STATES. EACH FIGURE REPRESENTS 500.00 WORKERS



MASSACHUSETTS. EACH FIGURE REPRESENTS 10,000 WORKERS



## What Wages Are Paid in the Textile Industry?

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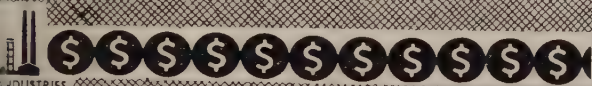
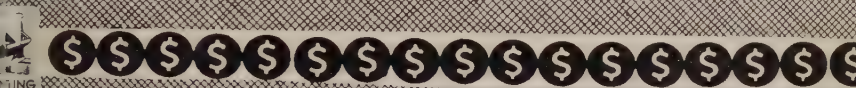
We have seen that the textile industry pays its officers the highest salaries of any industry, an average of \$7,250. We are to discover now that it pays the lowest wage of any of the large manufacturing industries, an average of about \$850 per year in 1935. This compares with an average wage for all industries of \$1130.

Why do the mills pay so little? Mechanical improvements have made it possible for textiles to be manufactured anywhere in the United States. Special skill is no longer required for most of the work. Thus, some mills are moved to areas where living standards are low and where labor is cheap. The effect of the competition from mills whose labor cost is low is to bring down higher wages in other sections. That is why the wage differential between New England and the South is not as great as formerly.

There is another cause for low mill wages. The work can be done by women and children, and they can be hired at a lower wage than men. The 1930 census reported 110,311 children, 10 to 17 years old, and 428,554 women (35 percent of them married) among workers in the textile mills. Later figures on Child Labor are not available. Mill officials report unofficially that it has declined. The number of women in cotton mills was greater in 1934 than in 1929. In both North and South 35 to 40 percent of the workers are women.

# AVERAGE WEEKLY WAGES IN BIG INDUSTRIES

JANUARY, 1936



Maximum wage advocated by the union



Woolen Mills



1 COIN EQUALS \$2.00



## What Is Life Like for the Worker?

---

A weekly wage of \$16.50! But that is not a *minimum* wage paid to every worker. It is an *average* wage. It includes wages in carpet factories, which are almost twice as much as those in cotton mills. It includes wages of loom fixers who receive much more than doffers and trimmers. Even under the NRA in 1934 approximately 20 percent of the workers in northern cotton mills and 56 percent in southern mills were being paid less than \$10 per week, or less than \$500 per year.

How many hours per week are spent in the mill in return for this wage? In December, 1935 the average working week was about 37 hours. In some mills working hours were much shorter. In others the 10 hour day, or 55 hour week, still prevails.

The mill's influence over its workers does not end when the evening whistle blows. Jobs have often been taken from workers who in their leisure time attended unapproved meetings or expressed unpopular political beliefs. In hundreds of communities known as mill villages, the individual's life is regulated by his employer from the time he is brought into the world by the company doctor. He is given a scant education in the company-controlled school; he is expected to shop at the company-operated store, and to worship at the company-financed church; finally, he is buried by the company undertaker. Such a system undoubtedly simplifies the mill's task of making cloth. But from the viewpoint of citizenship or religion, the results have been disappointing.

# TEXTILE WORKERS



JOB



CHURCH



HOME



MILL

# What Is the Worker Doing About It?

---

Fewer jobs for textile workers—lower pay than in other industries—a drab life—restricted liberties. Is it any wonder that textile mills hatch out more than their share of strikes?

It is estimated that 5,900 textile strikes have occurred in the past 50 years. In September 1934, a general strike, paralyzing the industry, had the support of 309,000 textile workers.

Nearly half of all strikes are directed against proposed wage cuts or in support of wage increases. Most of the others are caused by the refusal of employers to recognize workers' unions and union representatives. About one-third of the strikes resulted in substantial gains for the workers, another third resulted in partial gains, and the remainder in no gains.

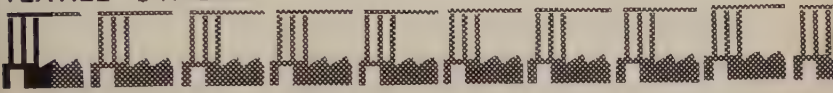
Seventy percent of the textile workers are in mills each of which employs 250 or more men. In such mills the individual worker has little or no power to protect his interests. The public has been slow to protect him through the power of public opinion or of legislation. The one choice left him was self-help through organization. This has lead in recent years to an increase in the number of local unions of the United Textile Workers, an affiliate of the American Federation of Labor.

Just how much unions have helped to raise mill wages is not known. But by comparing wages of union and non-union labor in clothing factories, as in the chart on the opposite page, one can see how great is the influence of effective union organization in the raising of wage levels.



# NUMBER OF TEXTILE FACTORIES AND STRIKES COMPARED WITH ALL FACTORIES AND STRIKES, 1935

TEXTILE OTHERS



TEXTILE OTHERS



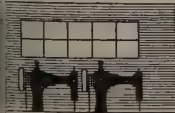
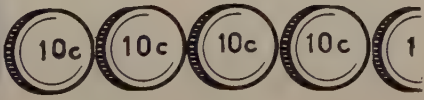
EACH MILL REPRESENTS 14,000 FACTORIES

EACH MAN REPRESENTS 50 STRIKES

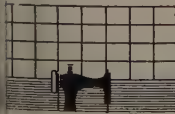
# HOURLY WAGES IN UNION AND OTHER SHOPS IN THE MEN'S CLOTHING TRADE , 1934



UNION SHOPS



AVERAGE IN 50 SHOPS



UNION SHOPS



## How Does the Industry Serve Its Consumers?

---

The main function of the textile industry is to produce clothing for consumers. It should be judged, therefore, both from the standpoint of the quality and the quantity of goods produced.

On the matter of quality there is a scarcity of information. Some believe that the industry protects the consumer's interest. Others insist that its products are often shoddy. The consumer can get some help from consumers' organizations and services which are attempting to protect him in the matter of quality.

Is the industry producing enough clothes? Are the prices fair? Opinions differ. But there are some facts to guide us. The chart on the opposite page indicates that out of each \$100 we spend, \$12 goes for clothes. Considering that man does not live by clothes alone, it would seem that enough of his money goes for this one type of goods.

What does he get in return for his money?

# WHERE YOUR DOLLAR GOES



FOOD

22c →



SHELTER

24c →



CLOTHING

→



← SAVINGS

17c

MISCELLANEOUS

← 25c



SOURCE: BROOKINGS INSTITUTE



## Is There Over-Production?

---

When a family with a small income has to cut expenses, the first economy is apt to be in clothes. That helps explain why per capita clothing sales dropped from \$34 in 1929 to \$15 in 1933. When the government extends relief to 20,000,000 destitute Americans, one of the last necessities it provides for them is clothing. Even then the allotment is almost negligible.

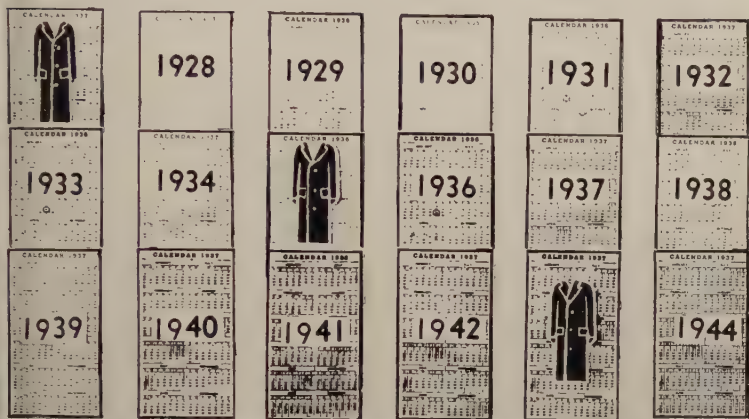
We find that in 1933, when textile production was the highest in the last six years, only one coat was produced for each four women in the population, one sleeping garment for each three women, and only three dresses for each woman. One-third as many suits were produced as there were men and boys to wear them. The chart on the opposite page shows that the need for men's and boys' coats is still more poorly met.

The problem is not simply that too few clothes are produced. The clothes that are produced are very unevenly distributed among consumers.

In 1929 the 3,000,000 richest families in America spent eight times as much for clothes as the 3,000,000 poorest families. One-third of the families in that year of 'prosperity' had fewer clothes than is recommended by charity organizations as the minimum required for health and decency—\$195 for a family of five. What is the reason for this scarcity?

# RATE OF COAT PRODUCTION

## AVERAGE PER CAPITA EACH YEAR, 1927-1933



# AMOUNT SPENT FOR CLOTHES

## BY FAMILIES IN VARIOUS INCOME GROUPS 1929



EACH FAMILY GROUP EQUALS 1,000,000 FAMILIES

EACH COIN EQUALS \$200

# Is the Shortage of Clothing Necessary?

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For many years the amount of textiles consumed by the American people had been increasing. In recent years this increase has ended and a decline has begun. From 1920 to 1934 woolen goods, a relatively high-priced textile, suffered a 40 percent decline.

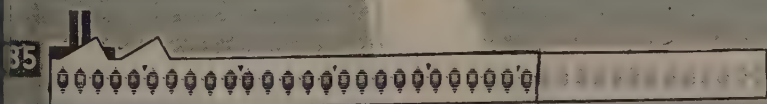
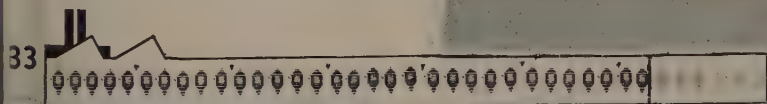
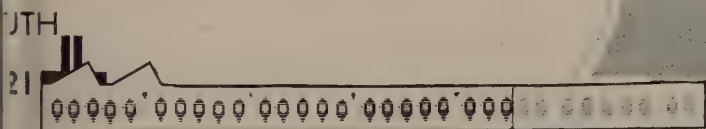
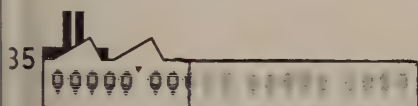
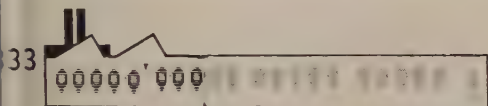
For more than 100 years the total number of cotton spindles had been increasing, even faster than the increase in population. In 1925 that growth came to an end. The scrapping of textile machinery, which began the following year, reached a new high-water mark in 1935 when the total number of spindles was reduced by more than 1,500,000. Today America has fewer spindles in place than it had 25 years ago—with 37 percent more people to clothe.

After making these reductions in spindles does the industry operate at full capacity? No. Production has dropped back to the levels of 25 years ago. On the basis of two shifts, each of 40 hours per week, mills are operating today at only 40 percent of capacity in New England and at 68 percent of capacity in the South.

Studies by the Brookings Institute indicate that in 1929 the textile industry had the capacity to guarantee to every family the clothes required in an annual "health and decency" budget of \$2,500. The number of spindles has been reduced another seventh since then. The President's Cabinet Committee reported in 1935, "From the standpoint of the needs of our population there may not be any overcapacity in the cotton textile industry."



# MILL CAPACITY: IDLE AND USED



EACH SYMBOL REPRESENTS 50,000 SPINDLES

THE DARKER SPINDLES INDICATE THE PROPORTION IN FULL USE

# What Is the Matter with the Textile Industry?

---

For a number of years the textile industry has yielded little return to its stockholders, has paid its workers less than a living wage, and has failed to produce an adequate supply of clothing for the consumer. No one claims any longer that it is a successful industry. What is the source of its failures?

Many try to answer this question on the basis of adjustments which involve simply individual mills. If earnings are low, the trouble is thought to be too high wage costs or excessive taxes. Yet in 1933 all taxes took only 2.9 percent of mill income in the North and 4.3 percent in the South. Referring now to wages, we note that the Federal Trade Commission found that mills which reported profits of 25 percent or more in 1933 had *higher* labor costs than the mills which reported *losses of 15 percent or more*.

Leaders within the industry who appreciate this fact are inclined not to stress the cutting of expenses but the increasing of mill income. This involves price changes. But prices cannot be materially changed by a single mill or by one company alone. Here the industry must act as a unit. Thus the mill's problem becomes the industry's problem—prices.

The surest way to increase prices is to cut production. Let us mention two proposals that have been advanced to attain this end.

One manufacturer has suggested that the textile problem be allowed "to work itself out like an epi-

demic of influenza." declaring that in the struggle for existence the old and inefficient mills would be weeded out, leaving room for efficient mills to operate profitably.

In answer to this suggestion it should be said that for years the industry has been allowing the epidemic to work itself out. Unfortunately the epidemic is enduring the "work out" better than the industry. This fact has turned many from this "let alone" policy to a more convincing proposal.

What the textile industry needs, according to this second proposal, is a few big mergers. This would centralize control in the banks and textile manufacturers' associations, making it possible to remove obsolete and unprofitable equipment. The remaining efficient equipment could be operated at full capacity, thus cutting down overhead costs. In this way the textile industry, it is believed, would at last attain some control over production and prices, as other industries have done, and would assure itself a profit from operations.

## The Beginnings of Consolidation

Such a plan has made considerable headway in England and Japan, with government support. A start in this direction has been made in the United States also. The eight banks mentioned in the chart on the next page have directors on the boards of 150 textile companies. These account for one third of the nation's mill capacity. There are other banks, of course, with similar connections. Some companies



own five, ten or twenty mills. Some individuals are directors of a dozen or two dozen companies.

In line with the above plan, more than a fifth of the industry has been scrapped already and a number of mills have changed to two shifts. This reducing of capacity and perhaps production may help stockholders of the companies that survive. There is no certainty that it would help stockholders in other companies or other larger groups whose interests also are involved—for example, employes and consumers.

It was a step forward when it was realized that the problem of the textile mill was not simply one of taxes or wages, but that it was tied up with troubles as far reaching as the industry itself. The next advance will come when we recognize that the problem extends beyond the textile industry to all industry. The essential problem is that of low consumption, low wages and low dividends. Let us sketch the development of this problem.

## **The Rise and Decline of Industry**

Modern industry began in England. It was built around her rapidly developing textile factories, some of whose products were shipped to America. After a few decades, New England decided to purchase not cloth but textile machinery from England and to build up her own industry. Having access to abundant water power and cheap labor, she soon captured part of the market from England.

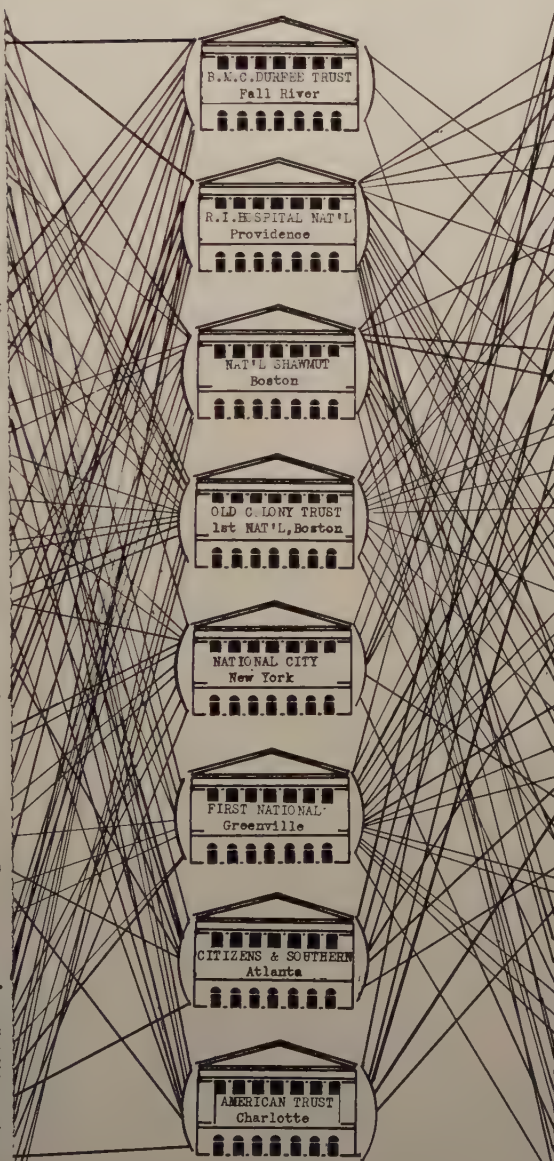
Profits were good and growth was rapid. But New England was to be dealt with just as she had dealt with

# INTERLOCKING DIRECTORATES

## OF BANKS AND MILLS

1935

...le Cot. Mills  
 Aldrich Bros.  
 ...quid Printing  
 ...r. Bank Corp.  
 ...lean Felt Co.  
 ...lean Spinning  
 ... & Processing  
 ...an Woolen Co.  
 ...Amoskeag Co.  
 ...keag Mfg. Co.  
 ...r Duck Mills  
 ...Anchor Mills  
 ...aldwin Mills  
 ...Cotton Mills  
 ...Cotton Mills  
 ...Woolen Mills  
 ...ntastic Textile  
 ...nard Mfg. Co.  
 ...on Yarn Mills  
 ...Fine Spinning  
 ...Bibb Mfg. Co.  
 ...Boott Mills  
 ...City Mfg. Co.  
 ...Bourne Mills  
 ...ley Mfg. Co.  
 ...Brandon Corp.  
 ...ookside Mills  
 ...rown Mfg. Co.  
 ...abot Mfg. Co.  
 ...Calhoun Mills  
 ...mon Mills Co.  
 ...Cotton Mills  
 ...er Cotton Gin  
 ...assade Woolen  
 ...k-Hoskins Co.  
 ...harlton Mills  
 ...Cheney Bros.  
 ...mbus Mfg. Co.  
 ...nental Mills  
 ...ile Institute  
 ...Cotton Mills  
 ...Cornell Mills  
 ...romptons Co.  
 ...ington Mills  
 ...rown Mfg. Co.  
 ...eece Dye Works  
 ...n Worsted Co.  
 ...illas Mfg. Co.  
 ...ngton Mfg. Co.  
 ...Cotton Mills  
 ...Daval Mills  
 ...Cotton Mills  
 ...rayton Mills  
 ...ess Bleachery  
 ...Duness Mills  
 ...Durfee Mills  
 ...Phoenix Mills  
 ...ey Cot. Mills  
 ...ntern Mfg. Co.  
 ...erprise Mfg.  
 ...ver Bleachery  
 ...all Bleachery  
 ...arewell Mills  
 ...tated Textiles  
 ...Spinning Co.  
 ...of the Looms  
 ...tney Mfg. Co.  
 ...ile Cot. Mills  
 ...s City Cotton  
 ...lenoairn Mfg.  
 ...iteville Mfg.  
 ...enhalgh Mills  
 ...n Cot. Mills  
 ...enor-Dale Co.  
 ...Harmony Mills  
 ...le Cot. Mills  
 ...Park Mfg. Co.  
 ...Woolen Mills  
 ...Webbing Co.  
 ...Arthur Mills



Industrial Cotton Mills  
 Johnson Mills  
 Judson Mills  
 Kilburn  
 King (John P) Mfg.  
 Knight (B.B.&R.) Corp.  
 Lanett Bleachery  
 Laurens Cot.  
 Lawton Mills Corp.  
 Lebanon Mills  
 Lookwood Co.  
 Lonsdale Co.  
 Ludlow Mfg. Co.  
 Luther Mfg.  
 Madison Woolen Co.  
 Mallinsons Braided Cor  
 Mfgs. Textile Export  
 Manville-Jenckes Corp.  
 Marion Mfg. Co.  
 Massachusetts Mfg.  
 Monarch Mills  
 Monroe Mills  
 Newman Cotton Mills  
 N. Eng. Bunting Co.  
 Morris Cotton Mills  
 Nyanza  
 Oakland Worsted Co.  
 Orr Cotton Mills  
 Otis Co.  
 Pacific Mills  
 Park Yarn Mills  
 Pepperell Mfg. Co.  
 Piedmont Plush Mills  
 Piedmont Mfg.  
 Pilgrim Mills  
 F. W. Poe Mfg. Co.  
 Ponemah Mills  
 Providence Dyeing  
 Putnam Spinners  
 Queen City Cotton  
 Republican Cot. Mills  
 Riverdale Mills  
 Riverside Mills  
 Royal Weaving Co.  
 Sagamore Mfg. Co.  
 Samoset Cotton Mills  
 Scittdale Mills  
 Shaw Print Co.  
 Sherman Mfg. Co.  
 Sibley Mfg. Co.  
 Silver Lake Mills  
 Slater Mfg. Co.  
 Southern Mills  
 Spartan Mills  
 Spinners Processing  
 Steven Linen Works  
 Suttons Mills  
 Thomaston Cotton Mills  
 Union Bleachery  
 Union-Buttalo Mills  
 Union Mills  
 Union Wadding Co.  
 U. S. Finishing Co.  
 U. S. Bobbin and Shuttle  
 United Merchants & Mfgs.  
 Victor-Monaghan  
 Wallace Mfg.  
 Watts Mills  
 Wauregan-Quinebang Mills  
 Wayposet Mfg. Co.  
 Wellington Mills  
 West Point Mfg. Co.  
 Whitney Mfg. Co.  
 Whittier Mills  
 Woodlawn Finishing  
 Woodside Cotton Mills

England. It was discovered that cloth could be manufactured more cheaply in the South. Thus a third area was industrialized by the cotton mill somewhat at the expense of the other two.

By 1920 industrial expansion ended for England. Depression settled upon industry. The textile mills started moving to India, China and elsewhere. The losses have been tremendous. The government is now assisting the industry, hoping that it can be stabilized at about one half the pre-war level.

A few years later the day of judgment reached New England. It is estimated that \$100,000,000 of New England mill capital migrated to the Southland from 1923-27. Within a few years the industry was cut in half. Another ten years passed, and the southern states reached their peak and started to decline.

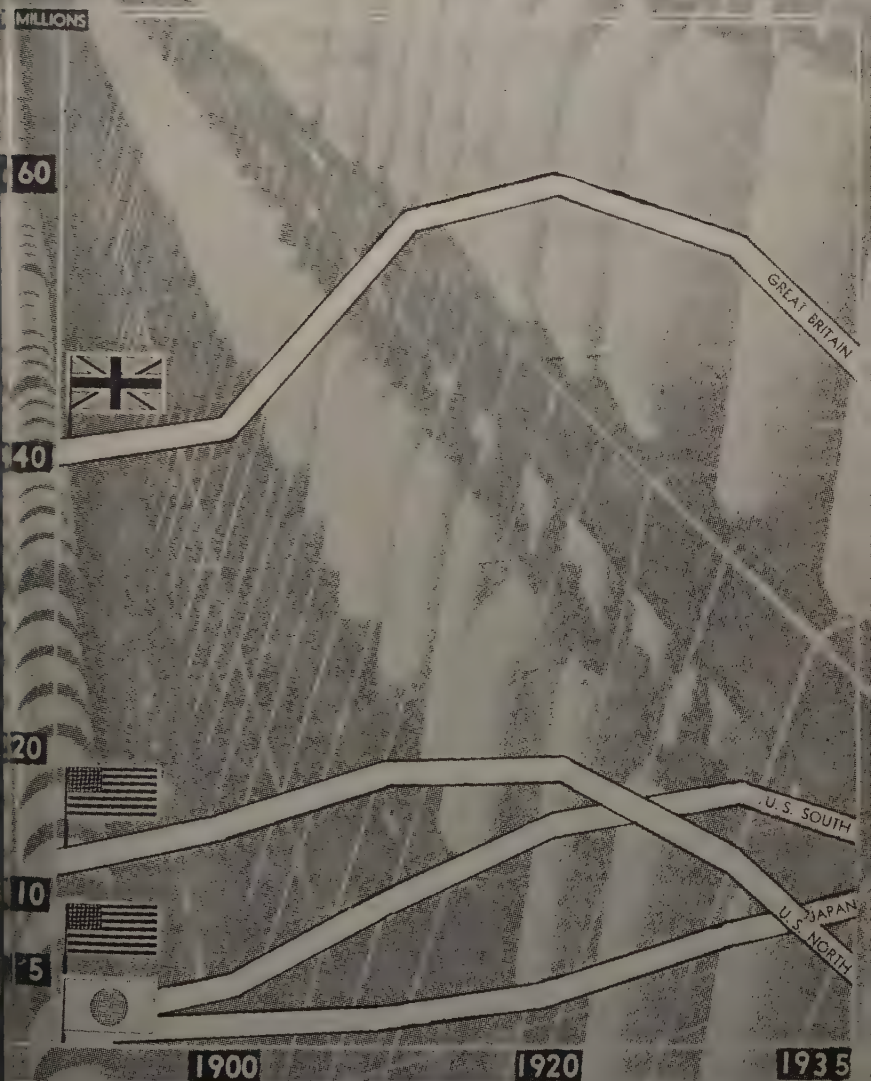
In the meantime Japan had decided to industrialize. While cobwebs multiplied in English and American mills, Japanese industrialists were busy installing new machinery, operating two shifts a day and paying dividends of 10 to 30 percent.

The record of the textile industry is thus one of successive moves to pools of cheap labor and unexploited resources. All goes well during a period of expansion. After the newness wears off, expansion ceases and a long painful decline sets in.

The energy that once was used for enlargement and improvement is later consumed in constantly increasing competition within the industry. Mills in America get alarmed about Japanese competition; southern mills compete with northern mills; rayon competes with silk, cotton with wool. Mills making



# COTTON SPINDLES IN LEADING NATIONS



SOURCE: INTERNATIONAL FEDERATION OF MASTER COTTON SPINNERS

the same product compete with each other. The bankrupt mills compete with the prosperous, the large with the small. Competition even develops between trade marks. In the field of labor, the foreign worker is pitted against the native born, white against black, city-bred against farm-bred; men compete with women, children with adults.

That is where the textile industry in America is today. Investors are already casting about for more promising locations. The woolen industry, it has been suggested, could move to the south. Cotton mills could be moved to South America. But who benefits in the long run by these moves? Not the workers. They have fewer jobs and lower wages than before. Not the consumers. They are buying less than formerly. Not even stockholders benefit permanently, as dividend records prove. Are we willing then to continue to accept this instability and its consequences?

Let us suggest some ways by which this deadly cycle may be broken.

## Industry With A New Purpose

In the early stages of industrialization the main problem is that of production. The essential need is for capital. It is natural and proper at such a time to offer a premium to capital by returning to it the net earnings. But that time has passed. Industrialization and mechanization have now reached a stage in which production is no longer the main problem nor capital the central need. Yet we continue to act as though nothing had changed.

We have a well-equipped textile industry. We have

a surplus of raw materials. We have abundant capital. Labor stands idle all about us. The people need and want the product of the mills. Yet they remain inadequately clothed. Why? The answer is simple. We were brought up on the formula "production for profit." When there is no profit in producing for people without money, we do not produce for them.

But when we stop to think about it, we realize that the purpose of industry should be to supply the material needs of the people. Therefore when an industry grows up, the important thing is consumption, not production. The leading character in the play becomes the consumer and not the producer.

Two methods may be suggested for putting the textile industry at the service of the consumer.

### **Some Specific Suggestions**

First, the purchasing power of farmers and workers should be increased. They constitute the majority of consumers and are receiving the least income from industry at the present time. Among other things, this would call for full support of cooperatives and of unions, through which farmers and workers can increase their incomes and put democracy in practice.

Proposed legislation along this line is embodied in the National Textile Bill now before Congress. It has the endorsement of the textile unions and of some textile companies. It would establish for the textile industry minimum wages and maximum hours, would abolish child labor and end discrimination against unions.

A second way to put the textile industry at the serv-



ice of the consumer is to extend the government's practice of producing textile goods for people on relief. The government now has the responsibility of feeding and clothing one-sixth of the population. If the production of goods for those on relief must be carried on under the profit system, the people will not get sufficient clothes and the industry will not obtain satisfactory returns.

It is suggested, therefore, that the government buy or lease textile equipment and put unemployed people to work producing for those who are not able to buy. Insofar as this would increase the demand for cotton, wool and other raw materials it would increase the purchasing power of producers, thus giving a boost to all types of business.

These new methods will be seriously questioned by many. So were the efforts of the Cabots and Lowells 200 years ago when they undertook the manufacture of cloth in America. Their first attempts were unsuccessful. In the end, however, they solved in large measure the problem of textile production.

At that time New England was the laboratory in a great and successful experiment. Will she take the lead now in a second great adventure, to distribute what she has learned to produce? Viewed more broadly, the textile industry has been the spearhead of every effort to build up a producing industry. In doing this it was successful. Let us make it the spearhead of the next great campaign: to build a *distributing* industry that will provide the people with their daily needs, and on a basis that is fair to owners, employes and consumers.

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- The Constitution and Social Issues*, by Charles A. Beard.
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